



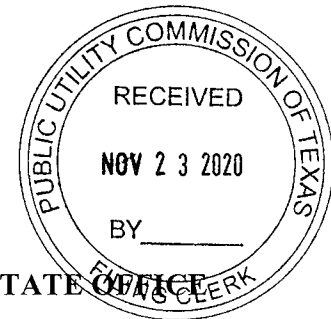
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Item Number: 74

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SOAH DOCKET NO. 423-21-0538
PUC DOCKET NO. 51415



APPLICATION OF SOUTHWESTERN §
ELECTRIC POWER COMPANY FOR §
AUTHORITY TO CHANGE RATES §
BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
OFFICE OF PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

NOVEMBER 23, 2020

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
OFFICE OF PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**


NOVEMBER 23, 2020


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 OPUC 1-5 Attachment 1.pdf


 OPUC_1-9_Attachment_1.xlsx


 OPUC_1-13_Attachment_1.xlsx


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 OPUC_1-15_Attachment_2.xlsx


 OPUC_1-15_Attachment_3_(Calculation_of_SWEPCO_Incentive_Amounts).xlsx


 OPUC_1-15_Attachment_4_(Revised_Summary_of_Annual_Incentives).xlsx


 OPUC_1-15_Attachment_5_(Calculation_of_SWEPCO_Incentive_Amounts_Revised).xlsx

 OPUC_1-15_Attachment_6.xlsx

 OPUC_1-18_Attachment_1.pdf

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**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-1:

Please refer to the Direct Testimony of Mr. Thomas P. Brice, pages 5 and 6. Please provide copies of any documentation that relates to discussions, presentations or other communications among the four owners of the Dolet Hills Power Station ("Dolet Hills") concerning the retirement of the plant. Please also include native copies of any analyses performed as well as copies of any presentation materials.

Response No. OPUC 1-1:

Please refer to the response provided for question TIEC 1-17.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-2:

Please refer to the Direct Testimony of Mr. Thomas P. Brice, pages 6 and 7, and the attached workpapers. Please provide copies of any documentation that relates to discussions, presentations or other communications related to the \$140 million capital investment in the Oxbow Mining area. Please also include documentation that shows the need for the Oxbow Mining upgrade for reliable delivery of lignite to Dolet Hills or for extending the useful life of the power station.

Response No. OPUC 1-2:

Dolet Hills Lignite Company did not incur \$140 million of capital investment to upgrade delivery of lignite.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-3:

Please refer to the Direct Testimony of Mr. Thomas P. Brice. Please provide the docket numbers for all proceedings held before the Arkansas Public Service Commission concerning the retirement of Dolet Hills. Please include in your response the retirement date approved by the Arkansas Public Service Commission.

Response No. OPUC 1-3:

There have been no proceedings with the Arkansas Public Service Commission concerning a formal retirement date of Dolet Hills.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION

Question No. OPUC 1-4:

Please refer to the Direct Testimony of Mr. Thomas P. Brice. Please provide the docket numbers for all proceedings held before the Louisiana Public Service Commission concerning the retirement of Dolet Hills. Please include in your response the retirement date approved by the Louisiana Public Service Commission.

Response No. OPUC 1-4:

The LPSC has not yet approved a retirement date; however, docket U-35753 is currently pending with the LPSC concerning the retirement of the Dolet Hills mine.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-5:

Please refer to the workpapers of Mr. Thomas P. Brice, page 8. Please provide a copy of the Integrated Resource Plan referred to in Mr. Brice's workpapers which include a copy of the Direct Testimony of Mark A. Becker filed before the Louisiana Public Service Commission, October 6, 2020.

Response No. OPUC 1-5:

Please see OPUC 1-5 Attachment 1 for the Integrated Resource Plan.

OPUC 1-5 Attachment 1 responsive to this request is voluminous and is provided separately on the PUC Interchange.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-6:

Please refer to the Direct Testimony of Mr. Thomas P. Brice, page 6. Please provide a detailed explanation of the force majeure events of 2017 and 2018 as they relate to the useful life of Dolet Hills and the associated mining operations.

Response No. OPUC 1-6:

The force majeure events were not related to the useful life of the Dolet Hills plant or the mining operations. In 2019, SWEPCO reduced operations to offset increases in lignite production costs and later determined the economically recoverable lignite reserves were depleted. In 2017 Tropical Storm Cindy impacted both the T and U areas of the Oxbow mine. Later that year in August 2017 the event was declared a Miner Force Majeure. Before Dolet Hills Lignite Company (DHLC) could resume normal mining operations, Hurricane Harvey impacted the mine and caused additional flooding throughout the mine area. The Miner Force Majeure was terminated on December 18, 2017. On March 1, 2018, DHLC declared another Miner Force Majeure following excessive rainfall occurring from February 21st through February 25. The Force Majeure was terminated April 14, 2018.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-7:

Please refer to the Direct Testimony of Mr. Thomas P. Brice, page 6. Please provide copies of all studies and related analyses in native format that support Mr. Brice's statement that SWEPCO determined early in 2020 that the economically recoverable reserves were depleted and that mining activities should cease and the plant be retired by the end of 2021.

Response No. OPUC 1-7:

Please refer to the response provided for TIEC 1-17.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-8:

Please refer to the Direct Testimony of Mr. Thomas P. Brice, page 6. Please provide copies of all studies and related analyses in native format that were conducted between 2015 and the most recent study concerning the continued operations of Dolet Hills and the need for continued operations of the Dolet Hills Mining Company.

Response No. OPUC 1-8:

Please refer to the response provided for TIEC 1-17 for the most recent analysis. For prior analyses and studies, please refer to OPUC 1-8 CONFIDENTIAL Attachment 1, OPUC 1-8 CONFIDENTIAL Attachment 2, and OPUC 1-8 HIGHLY SENSITIVE Attachment 3.

OPUC 1-8 Attachments 1 and 2 responsive to this request are CONFIDENTIAL MATERIAL and OPUC 1-8 Attachment 3 is HIGHLY SENSITIVE PROTECTED MATERIAL under the terms of the Protective Order. Due to current restrictions associated with COVID-19, this information is being provided electronically and a secure login to access the information will be provided upon request to individuals who have signed the Protective Order Certification.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-9:

Please refer to the Direct Testimony of Mr. Thomas P. Brice, page 7. Please provide the monthly accounting entries made by SWEPCO showing the accumulated balance of the protected excess deferred income taxes from January 2018 to the most recent monthly information available. Please include in your response the total amount of protected excess deferred income taxes referenced as being used to offset the accelerated recovery of Dolet Hills.

Response No. OPUC 1-9:

Please see OPUC 1-9 Attachment 1, provided electronically on the PUC Interchange, for the monthly accounting entries for the amortization of protected excess deferred income taxes. A Texas jurisdictional balance of protected and unprotected excess of \$30,408,645 is being proposed to offset the recovery of Dolet Hills as indicated on Exhibit MAB-4. Of this total, \$7,408,575 relates to protected excess ADFIT.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-10:

Please refer to the Direct Testimony of Mr. Thomas P. Brice, page 7. Please provide the monthly accounting entries made by SWEPCO showing the accumulated balance of the unprotected excess deferred income taxes from January 2018 to the most recent monthly information available. Please include in your response the account numbers used to record the monthly amortization, and the total amount of unprotected excess deferred income taxes referenced as being used to offset the accelerated recovery of Dolet Hills.

Response No. OPUC 1-10:

The unprotected excess deferred income taxes have not been amortized by SWEPCO for its Texas jurisdiction as the Commission ordered that excess resulting from the reduction in the federal income tax rate would be addressed in the Company's next base-rate case. As discussed in the Direct Testimony of Mr. Brice, the unamortized balance of unprotected excess ADFIT is being proposed to offset the impact of the Dolet Hills Power Station. A Texas jurisdictional balance of protected and unprotected excess of \$30,408,645 is being proposed to offset the recovery of Dolet Hills as indicated on Exhibit MAB-4. Of this total, \$23,000,070 relates to the balance of unprotected excess ADFIT.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-11:

Please refer to the workpapers of Mr. Thomas P. Brice, page 5. Please provide copies of the PLEXOS® studies referred to in Mr. Brice's workpapers.

Response No. OPUC 1-11:

See OPUC 1-11 HIGHLY SENSITIVE Attachments 1 and 2 for recent analysis.

OPUC 1-11 HIGHLY SENSITIVE Attachments 1 and 2 responsive to this request are HIGHLY SENSITIVE PROTECTED MATERIAL under the terms of the Protective Order. Due to current restrictions associated with COVID-19, this information is being provided electronically and a secure login to access the information will be provided upon request to individuals who have signed the Protective Order Certification.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-12:

Please refer to the Direct Testimony of Mr. Thomas P. Brice. Please provide copies of all communications between SWEPCO or any entity related to SWEPCO and the Sierra Club concerning Dolet Hills. Please provide this information for the period of 2016 to the date of the filing of this application.

Response No. OPUC 1-12:

Sierra Club was a party to the settlement agreement resolving the Arkansas Public Service Commission (APSC) Docket 19-008-U. A copy of the unredacted settlement agreement is provided on the APSC website via the link below under the docket number for the case.

http://www.apscservices.info/EFilings/Docket_Search_Documents.asp?Docket=19-008-U&DocNumVal=301

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-13:

Please refer to the Direct Testimony of Ms. Ferry-Nelson, page 15. Please provide a schedule that shows the direct legal expenses billed by American Electric Power Service Corporation's ("AEPSC") Legal Department to SWEPCO that relate only to the Texas jurisdiction. Please provide this information by month for the period January 2017 through the end of the test year. Please also include a docket number where applicable and a description of the direct legal services provided by AEPSC.

Response No. OPUC 1-13:

Please refer to pages 4 and 5 of Ms. Ferry-Nelson's testimony for the descriptions of legal services provided by AEPSC. Please also refer to attachment OPUC 1-13 Attachment 1, provided electronically on the PUC Interchange, for the requested schedule and corresponding dockets.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Lynn M. Ferry-Nelson

Title: Dir Regulatory Svcs

**SOAH DOCKET NO. 473-21-0538
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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-14:

Please refer to the Direct Testimony of Ms. Ferry-Nelson, page 23. Please provide a schedule that shows the direct regulatory services expenses billed by AEPSC's Regulatory Services Department to SWEPCO that relate only to the Texas jurisdiction. Please provide this information by month for the period January 2017 through the end of the test year. Please also include a docket number where applicable and a description of the direct regulatory services provided by AEPSC.

Response No. OPUC 1-14:

Please refer to pages 17 and 18 of Ms. Ferry-Nelson's testimony for the descriptions of regulatory services provided by AEPSC. Please also refer to attachment OPUC 1-13 Attachment 1 for the requested schedule and corresponding dockets.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Lynn M. Ferry-Nelson

Title: Dir Regulatory Svcs

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION

Question No. OPUC 1-15:

Please refer to the Direct Testimony of Mr. Michael A. Baird, page 22. Please provide the underlying computation and supporting documentation for each of the numbers included in the Annual Incentive Plan Chart and the Long-Term Incentive Plan chart on page 22 of Mr. Baird's Direct Testimony.

Response No. OPUC 1-15:

Please refer to OPUC 1-15 Attachments 1 & 2 for underlying computation and supporting documentation for AEPSC amounts and OPUC 1-15 Attachment 3 for the underlying calculation and supporting documentation for SWEPCO amounts included on page 22 of Mr. Baird's Direct Testimony. An error in the business unit financial based goal percentage for the Distribution annual incentive plan has been discovered which resulted in a change in the amounts reported in the Annual Incentive Plan Chart on page 22 of Mr. Baird's Direct Testimony. Please see OPUC 1-15 Attachment 4 for the updated chart and OPUC 1-15 Attachments 5 and 6 for the underlying computation and supporting documentation for the SWEPCO and AEPSC amount respectively.

All attachments responsive to this request are provided electronically on the PUC Interchange.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION

Question No. OPUC 1-16:

Please refer to the Direct Testimony of Mr. Michael A. Baird, pages 14-17. Please provide a schedule that details the annual net periodic costs as determined by an actuarial study for both pension and other post-employment benefits for the period 1987 to the present. Please include the total amount of the monies deposited annually into each of the separate funds for the same period.

Response No. OPUC 1-16:

See OPUC 1-16 Attachment 1. Per agreement, SWEPCO is providing total company Pension and OPEB expense and payments since the last rate case which covers annual periods 2016-2020.

Prepared By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SWEPCo
Annual OPEB/Pension Expense and Payments
2016-2020

	2016	2017	2018	2019	2020
OPEB CONTRIBUTION			2,681,291		
OPEB ACTUARIAL EXPENSE	5,462,835	4,741,000	7,260,696	5,889,982	7,753,163
PENSION CONTRIBUTION	8,342,000	8,890,000			
PENSION ACTUARIAL EXPENSE	(9,058,916)	(8,858,583)	(8,115,758)	(6,594,340)	(9,999,361)

**SOAH DOCKET NO. 473-21-0538
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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-17:

Please refer to the Direct Testimony of Mr. Michael A. Baird. Please provide both the level of pension expense and other post-employment benefit expense that was included in the current rates charged to Texas customers resulting from the Company's last base rate case. Please include in your response the date of the actuarial studies which supported these levels of expense.

Response No. OPUC 1-17:

Total pension cost was \$8,994,538 of which \$6,576,731 was included as expense in Docket No. 46449.

Total post employment benefit expense was a negative cost of \$5,462,835 of which a negative \$3,994,379 was included as expense in Docket No. 46449.

These were based on 2016 actuarial Studies.

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-18:

Please refer to the Direct Testimony of Mr. Andrew Carlin, page 6. Please provide a copy of the Annual Incentive Plan and Long-Term Incentive Plan that was in effect during the test year. Please include in your response a description of any changes to these plans that have occurred since the Company's last base rate case and for what period such changes applied.

Response No. OPUC 1-18:

Please see OPUC 1-18 Attachment 1 for the 2019 annual incentive plan and applicable goals.

Please see OPUC 1-18 Attachment 2 for the 2020 annual incentive plan and applicable goals.

Please see OPUC 1-18 Attachment 3 for the 2015 Long-Term Incentive Plan, under which all performance unit and restricted stock unit (RSU) awards were granted in 2019 and 2020. This attachment also includes the performance unit goals and both performance unit and RSU award agreements for the requested years.

The only substantial change to the annual incentive plans since the last base case was a temporary (one-year only) elimination of the 2020 STI safety, compliance and strategic initiative components of the 2020 funding measures in favor of 100% AEP Operating EPS due to the uncertain economic impact of COVID -19.

The only substantial change to the long term incentive plan since the last base case was the introduction of a non-emitting generating capacity measure with a 10% weight for the 2020-2022 performance units.

In addition to the above more substantial changes, adjustments and changes were made to various measures and weights each year to encourage continuous improvement and the strategic focus for each year.

The attachments responsive to this request are voluminous and are provided separately on the PUC Interchange.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-19:

Please refer to the Direct Testimony of Mr. Andrew Carlin, pages 30-31. Please provide a schedule in Microsoft Excel format that details the following information for each SWEPCO employee eligible to receive an annual incentive plan award during the test year: a. Date of award,

- b. Total compensation on which any short-term incentive ("STI") compensation was based,
- c. Amount of STI compensation awarded,
- d. Target percentage for STI incentive compensation, and
- e. Applicable organization or business unit to determine performance.

Response No. OPUC 1-19:

Please see OPUC 1-19 HIGHLY SENSITIVE Attachment 1 for the requested information.

1. OPUC 1-19 HIGHLY SENSITIVE Attachment 1 responsive to this request is HIGHLY SENSITIVE PROTECTED MATERIAL under the terms of the Protective Order. Due to current restrictions associated with COVID-19, this information is being provided electronically and a secure login to access the information will be provided upon request to individuals who have signed the Protective Order Certification.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION

Question No. OPUC 1-20:

Please refer to the Direct Testimony of Mr. Andrew Carlin, pages 30-31. Please provide a schedule in Microsoft Excel format that details the following information for each AEPSC employee eligible to receive an annual incentive plan award during the test year:

- a. Date of award,
- b. Total compensation on which any short-term incentive ("STI") compensation was based,
- c. Amount of STI compensation awarded,
- d. Target percentage for STI incentive compensation, and
- e. Applicable organization or business unit for measuring performance.

Response No. OPUC 1-20:

Please see OPUC 1-19 HIGHLY SENSITIVE Attachment 1, which includes both the SWEPCO and AEPSC portions of this request.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-21:

Please refer to the Direct Testimony of Mr. Andrew Carlin, page 31. Please provide the performance measures used during the test year for each of the organizations or business units that were used to determine employee performance for purposes of receiving an annual incentive plan award. Please provide these same performance measures for the calendar years 2016, 2017, 2018 and 2019.

Response No. OPUC 1-21:

Please see OPUC 1-21 Attachment 1 for the STI performance measures used for the requested years.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

Incentive Compensation Performance Measures & Weights							
Focus Area	Metrics	2020 Short-Term Incentive Plans					
		SWEPCO	Regulated Generation	Transmission	AEPSC Staff ¹	E.C. Scorecard	Company-Wide Funding Measures
Company Earnings	AEP Operating Earnings per Share B U or OpCo Net Income / Earnings	20 0%		20 0%	12 3%	70 0% ²	70 0% ²
Utility Investment	Capital Project Schedule Adherence		5 0%				
Cost Containment							
Expense Containment	O&M Improvement			5 0%			
	EFOR _i		5 0%				
	EFOR _d		5 0%				
	Fuel Cost Recovery		5 0%				
Customer Service	Quality of Service SAIDI	5 0%		5 0%			
	CMI Improvement	2 5%					
	Quality of Service J D Power Quality & Reliability (PQR)	7 5%					
	Quality of Service J D Power Communications	7 5%					
	Reliability Workplan	10 0%					
	Proactive SAIDI - Targeted Capital work Projects directed toward future SAIDI Reduction			5 0%			
	Hard SAIDI Target - Combined T&D SAIDI, Total AEP Target						
	Service Quality & Customer Satisfaction Initiatives			20 0%			
	Generation Fleet Transition		15 0%				
	Innovation Target		10 0%				
Safety	Maximo Strategy		3 0%				
	Zero Harm zero employee fatalities - CAPS AEP SAFETY SCORE AT 100%	X	X	X	X		
	Zero Harm zero contractor fatalities - CAPS AEP SAFETY SCORE AT 100%	X	X	X	X		
	DART Rate (Employee & Contractors combined)	5 0%	10 0%	5 0%			
	TRIR Rate Employee & Contractor			5 0%			
	Proactive Safety Event Review and Sharing	4 0%	4 0%	4 0%			
	Proactive Safety Site Inspection Program	4 0%	4 0%	4 0%			
	Proactive Safety CORE visits	4 0%	2 0%	4 0%			
	Targeted Core Visit Assessment		3 0%				
	Proactive Safety Contractor Safety Management	4 0%	4 0%	4 0%			
Other	Proactive Safety Good Catch Program	4 0%	3 0%	4 0%			
	Strategic Operational Excellence OpCo Workplan	12 5%					
	Diversity	2 5%	2 0%				
	Accountability Index	2 5%	5 0%				
	C100 Line Mechanic Recruitment Model	5 0%					
	Transmission Business Expansion - Plant in Service			5 0%			
	NERC Compliance (Repeat Event Reduction)			5 0%			
	Environmental Event Recordable Reduction		10.0%				
	Equipment Failure		5 0%				
Total Weight	Misoperations			5 0%			
		100.0%	100.0%	100.0%	Not Applicable	70.0%	70.0%
Modifier	Average Operating Performance Score (AOPS)	The overall score for these groups is normalized by dividing it by the average overall score					
	Company-Wide Funding Score	The normalized score for these groups is multiplied by the funding score so that the sum of the overall award pool for all groups equals the actual overall funding					

¹ AEPSC staff receive the Average Operating Performance Score (AOPS), which is the target weighted average score for all operating group plans. The target weighted average weight has been calculated and provided for company earnings measures, other than the funding measures.

² Consistent with the direct testimony of Mr. Andrew Carlin (p. 31, line 15 through p. 32, line 2), the funding measures for 2020 have been adjusted to reflect the companies' historical practice (70% financial funding measures), rather than the 100% financial funding measures currently in place for 2020 due to a one-time change for 2020 only made in response to the uncertain economic impact of COVID-19.

Incentive Compensation Performance Measures & Weights								
Focus Area	Metrics	2019 Short-Term Incentive Plans						
		SWEPCO	Distribution Asset Mgmt & Support Services	Regulated Generation	Transmission	AEPSC Staff ¹	E C Scorecard	Company-Wide Funding Measures
Company Earnings	AEP Operating Earnings per Share							
	B U or OpCo Net Income / Earnings	5 0%	5 0%		10 0%	7 0%	70 0%	70 0%
	B U or OpCo ROE	5 0%	5 0%					
Utility Investment	Capital Project Schedule Adherence			7 0%				
Cost Containment								
Expense Containment	Sustainable Efficiency Gains	5 0%	5 0%	10 0%	5 0%		4 0%	4 0%
	EFOR _v			5 0%				
	EFOR _d			5 0%				
Customer Service	Quality of Service SAIDI	5 0%	5 0%				1 0%	1 0%
	Quality of Service Proactive SAIDI Improvement						1 0%	1 0%
	Quality of Service Easy to do Business With	10 0%	10 0%				1 0%	1 0%
	Quality of Service J D Power Customer Satisfaction	5 0%	5 0%				1 0%	1 0%
	Reliability Workplan	10 0%	10 0%					
	Proactive SAIDI - Targeted Capital work Projects directed toward future SAIDI Reduction				5 0%			
	Hard SAIDI Target - Combined T&D SAIDI, Total AEP Target				5 0%			
	Customer Focus Service Quality & Customer Satisfaction				5 0%			
	Develop & Deploy High-Value Technology			5 0%				
	Work & Asset Management			3 0%				
Safety	Asset Management			3 0%				
	Zero Harm zero employee fatalities - CAPS AEP SAFETY SCORE AT 100%						X	X
	Zero Harm zero contractor fatalities - CAPS AEP SAFETY SCORE AT 100%						X	X
	DART Rate (Employee & Contractors combined)	5 0%	5 0%	5 0%	5 0%		5 0%	5 0%
	Severity Improvement						3 0%	3 0%
	TRIR Rate Employee & Contractor	5 0%	5 0%	5 0%	5 0%			
	Proactive Safety Event Review and Sharing	4 0%	4 0%	4 0%	4 0%			
	Proactive Safety Site Inspection Program	4 0%	4 0%	4 0%	4 0%			
	Proactive Safety CORE visits	4 0%	4 0%	4 0%	4 0%			
	Proactive Safety Contractor Safety Management	4 0%	4 0%	4 0%	4 0%			
Other	Proactive Safety Good Catch Program	4 0%	4 0%	4 0%	4 0%			
	Strategic Operational Excellence OpCo Workplan	20 0%						
	Employee Culture Survey						1 0%	1 0%
	Diversity						1 0%	1 0%
	Future of Work						1 0%	1 0%
	Grid Modernization		7 5%					
	Transmission Business Expansion - Plant in Service				10 0%		2 0%	2 0%
	Transmission Business Expansion - Capital Investment				10 0%		2 0%	2 0%
	Renewables/Energy Solutions Portfolio Growth						2 0%	2 0%
	Regulated Renewables						2 0%	2 0%
	Customer Targeted Regulated Renewables						1 0%	1 0%
	NERC Compliance (Repeat Event Reduction)				2 5%		1 0%	1 0%
	NERC Compliance - Notice of Violation (NOV) Factor			10 0%				
	Environmental Stewardship			4 0%			1 0%	1 0%
	Environmental Event Recordable Reduction			10 0%				
	Regulated Cost Recovery			8 0%				
	Southwest Power Pool (SPP) G&T - RFP and regulatory applications				5 0%			
	Data Analytics Business Cases for Efficiencies across Distribution		5 0%					
	GE Implementation Project		7 5%					
	Transmission Strategic Initiatives				5 0%			
Modifier	Culture Action Plan	2 5%	2 5%		2 5%			
	Establish & Implement New Training Programs Technical & Field				5 0%			
	Advanced Distribution Lineman Training	2 5%	2 5%					
Total Weight		100.0%	100.0%	100.0%	100.0%	Not Applicable	100.0%	100.0%
Modifier	Average Operating Performance Score (AOPS)	The overall score for these groups is normalized by dividing it by the average overall score						
	Company-Wide Funding Score	The normalized score for these groups is multiplied by the funding score so that the sum of the overall award pool for all groups equals the actual overall funding						

¹ AEPSC staff receive the Average Operating Performance Score (AOPS), which is the target weighted average score for all operating group plans. The target weighted average weight has been calculated and provided for company earnings measures, other than the funding measures.

Incentive Compensation Performance Measures & Weights

Focus Area	Metrics	2018 Short-Term Incentive Plans							
		SWEPSCO	Chief Customer Officer Group	Regulated Generation	Commercial Operations Trading & Marketing	Transmission	AEPSC Staff ¹	E C Scorecard	Company-Wide Funding Measures
Company Earnings	AEP Operating Earnings per Share								
	B U. or OpCo Net Income / Earnings	10 0%				20 0%	11 1%	70 0%	70 0%
Utility Investment	Capital Project Schedule Adherence			5 0%					
Cost Containment	Enabling Capital Excellence (SCPP Adherence)			5 0%					
Expense Containment	Continuous Improvement O&M Reduction	5 0%		8 0%					
	EFOR _o			5 0%					
	EFOR _d			5 0%					
	Customer Value			3 0%					
	Flexible Spend O&M			5 0%					
	Trading & Marketing Book Margin				100 0%				
Customer Service	Quality of Service SAIDI	5 0%	5 0%					3 0%	3 0%
	Quality of Service J D Power Customer Satisfaction	5 0%	5 0%					3 0%	3 0%
	Customer Effort Score		5 0%						
	Cust Exp Work Plan - OpCo Projects	5 0%	15 0%						
	System-Wide Customer Experience Work Plan	5 0%							
	Continuous Improvement Distribution Work and Resource Plan Development	5 0%							
	Competitive Business & Customer Growth					5 0%			
	Develop & Deploy High-Value Technology			3 0%		5 0%			
	Asset Management			5 0%					
Safety	DART Rate (Employee & Contractors combined)	10 0%	10 0%	10 0%		10 0%		6 0%	6 0%
	Fatality Measure							2 0%	2 0%
	Proactive Safety High Severity Events	4 0%	4 0%	4 0%		4 0%			
	Proactive Safety Site Inspection Program	4 0%	4 0%	4 0%		4 0%			
	Proactive Safety CORE visits	4 0%	4 0%	4 0%		4 0%			
	Proactive Safety Contractor Safety Management	4 0%	4 0%	4 0%		4 0%			
	Proactive Safety Good Catch Program	4 0%	4 0%	4 0%		4 0%			
Other	Regulatory, Technology or New Products/Services Execution	10 0%	10 0%						
	Employee Culture Survey	5 0%	5 0%					1 0%	1 0%
	Diversity							1 0%	1 0%
	Future of Work		5 0%					2 0%	2 0%
	Grid Modernization - OPCo's asset investment measures	5 0%	5 0%					2 0%	2 0%
	Transmission Business Expansion - Plant in Service					15 0%		1 5%	1 5%
	Transmission Business Expansion - Capital Investment					15 0%		1 5%	1 5%
	AEP Renewables - Capital on existing projects that reach COD and Signed Capital Commitments							2 0%	2 0%
	Regulated Renewables		5 0%					3 0%	3 0%
	NERC Compliance			5 0%		5 0%		1 0%	1 0%
	Environmental Stewardship			3 0%		5 0%		1 0%	1 0%
	Environmental Event Recordable Reduction			10 0%					
	Regulated Cost Recovery			5 0%					
	Economic Development OpCo Work Plan		5 0%						
	Economic Development OpCo Net Revenue	10 0%	5 0%						
	Lean Management System (LMS events)			3 0%					
Total Weight		100.0%	100.0%	100.0%	100.0%	100.0%	Not Applicable	100.0%	100.0%
Modifier	Average Operating Performance Score (AOPS)	The overall score for these groups is normalized by dividing it by the average overall score							
	Company-Wide Funding Score	The normalized score for these groups is multiplied by the funding score so that the sum of the overall award pool for all groups equals the actual overall funding							

¹ AEPSC staff receive the Average Operating Performance Score (AOPS), which is the target weighted average score for all operating group plans. The target weighted average weight has been calculated and provided for company earnings measures, other than the funding measures.

Incentive Compensation Performance Measures & Weights									
Focus Area	Metrics	2017 Short-Term Incentive Plans							
		SWEPCO	Customer & Distribution Services	Regulated Generation	Commercial Operations Trading & Marketing	Transmission	AEPSC Staff ¹	E C Scorecard	Company-Wide Funding Measures
Company Earnings	AEP Operating Earnings per Share							70 0%	70 0%
	B U or OpCo Net Income / Earnings	10 0%				10 0%	7 8%		
	OpCo Score Roll-Up (Net Income)		7 5%						
Utility Investment Cost Containment	Net Book Value			5 0%					
	Capital Project Schedule Adherence			5 0%					
	Procurement Savings (Capital)			2 5%					
Expense Containment	Continuous Improvement Total District Cost/ASB Hour	5 0%							
	Continuous Improvement % of Contractor Work Completed at Contracted Price Per Standard Unit	2 5%							
	Continuous Improvement % of Contractor Work Field Inspected	2 5%							
	Procurement Savings (O&M)			2 5%					
	EFORv			12 5%					
	EFORd			7 5%					
	Enabling Capital Excellence (SCPP Adherence)			5 0%					
	Trading & Marketing Book Margin				100 0%				
	Quality of Service SAIDI	5 0%				5 0%		2 0%	2 0%
	Reliability Work Plan Adherence to TFS Maint Work Plan	5 0%				2 5%			
Customer Service	Quality of Service J D Power Customer Satisfaction	5 0%						2 0%	2 0%
	MSR Commercial Customer Satisfaction Survey	5 0%							
	Regulatory Execution - (Pursue Innovative and Tech-based Customer-Driven Programs with Regulators)	5 0%							
	Cust Exp Work Plan - OpCo Projects	5 0%							
	System-Wide Mobile App Implementation	2 0%							
	System-Wide Bill Redesign	2 0%							
	Mobile Alert Penetration	1 0%						2 0%	2 0%
	Customer Effort (Call Center Transactions)		5 0%						
	Call Center Training		5 0%						
	Risk Mitigation - Network	1 0%							
	Risk Mitigation - Poles	1 0%							
	Risk Mitigation - Overhead	1 0%							
	Risk Mitigation - Underground Transformer	1 0%							
	Risk Mitigation - Contact Voltage	1 0%							
	Develop & Deploy High-Value Technology Grid of the Future/PowerOn Implementation			2 5%					
Safety	DART Rate (Employee & Contractors combined)	10 0%	5 0%	10 0%		10 0%		7 0%	7 0%
	Fatality Measure							3 0%	3 0%
	Proactive Safety Vehicle and Equipment Operations	4 0%		4 0%		4 0%			
	Proactive Safety High Risks Activities	4 0%		4 0%		4 0%			
	Proactive Safety Site Inspection Program	4 0%		4 0%		4 0%			
	Proactive Safety CORE visits	2 0%		2 0%		2 0%			
	Proactive Safety CORE/Shadow of Leader Training	2 0%		2 0%		2 0%			
	Proactive Safety Good Catch Program	4 0%		4 0%		4 0%			
Other	Gallup Pulse Survey							2 0%	2 0%
	Diversity							2 0%	2 0%
	Gallup Culture Action Plans	5 0%	5 0%			5 0%			
	Lean Management System (iLMS events)			5 0%					
	Transmission Business Expansion - Plant in Service					10 0%		2 0%	2 0%
	Transmission Business Expansion - Capital Investment					20 0%		2 0%	2 0%
	Fuel Cost Recovery			5 0%					
	Grow the Competitive Business					2 5%			
	States Edge					2 5%			
	AEP OnSite Partners - Signed Capital Commitments							2 0%	2 0%
	AEP Renewables - Capital on existing projects that reach COD and Signed Capital Commitments							2 0%	2 0%
	Establish Public Private Partnerships					2 5%			
	NERC Compliance			5 0%		5 0%		1 0%	1 0%
	Environmental Stewardship			10 0%		5 0%		1 0%	1 0%
	Environmental Compliance			2 5%					
	Economic Development OpCo Work Plan	1 0%							
	Economic Development AEP System Net Revenue	2 0%							
	Economic Development OpCo Net Revenue	2 0%							
	OpCo Score Roll-Up (Development, Customer & Employee Experience)		67 5%						
Total Weight		100.0%	100.0%	100.0%	100.0%	100.0%	Not Applicable	100.0%	100.0%
Modifier	Average Operating Performance Score (AOPS)	The overall score for these groups is normalized by dividing it by the average overall score. The normalized score for these groups is multiplied by the funding score so that the sum of the overall award pool for all groups equals the actual overall funding.							
	Company-Wide Funding Score								

¹ AEPSC staff receive the Average Operating Performance Score (AOPS), which is the target weighted average score for all operating group plans. The target weighted average weight has been calculated and provided for company earnings measures, other than the funding measures.

Incentive Compensation Performance Measures & Weights									
Focus Area	Metrics	2016 Short-Term Incentive Plans							Company-Wide Funding Measures
		SWEPCO	Customer & Distribution Services	Regulated Generation	Commercial Operations Trading & Marketing	Transmission	AEPSC Staff ¹	E C Scorecard	
Company Earnings	AEP Operating Earnings per Share							75 0%	75 0%
	B U or OpCo Net Income / Earnings	10 0%				20 0%	14 6%		
	OpCo Score Roll-Up (Net Income)		7 5%						
Utility Investment Cost Containment	Procurement Savings			5 0%					
	Project Schedule Adherence			10 0%					
Expense Containment	Enabling Capital Excellence (SCPP Process Adherence)			5 0%					
	EFORv			15 0%					
	EFORd			5 0%					
	Trading & Marketing Book Margin				100 0%				
Customer Service	Quality of Service SAIDI	5 0%				2 5%		2 0%	2 0%
	Quality of Service Proactive SAIDI Work Plan					2 5%			
	Quality of Service J D Power Customer Satisfaction	5 0%						2 0%	2 0%
	Reliability Work Plan	5 0%							
	System-Wide Outage Mapping and Data Analytics	5 0%							
	Regulatory Execution - (Pursue Customer-Driven Programs)	5 0%							
	Emergency Restoration Planning / ICS	5 0%							
	Customer Experience Work Plan - OpCo Projects	3 8%							
	Customer Experience Work Plan - Mobile Alerts	1 3%							
	Customer Effort (Call Center Transactions)		5 0%						
	Outreach & Relationship Management					5 0%			
	Network Remediation							1 0%	1 0%
	Risk Mitigation - Network	1 0%							
	Risk Mitigation - Poles	1 0%							
	Risk Mitigation - Overhead	1 0%							
	Risk Mitigation - Underground Transformer	1 0%							
	Risk Mitigation - Contact Voltage	1 0%							
	Conduct Project "Look Backs"					5 0%			
	Efficiency ASB Hours/FTE Improvement	5 0%							
	Efficiency Total District Cost/ASB Hour Improvement	2 5%							
	Efficiency MRO Cost/Order Completed Improvement	2 5%							
Safety	DART Rate (Employee & Contractors combined)		7 5%			10 0%		7 5%	7 5%
	DART Rate (Employees)	6 0%		6 0%					
	DART Rate (Contractors)	1 5%		1 5%					
	Fatality Measure	2 5%		2 5%				2 5%	2 5%
	QA on Jobsite Observations (Proactive Measure)	5 0%		5 0%		5 0%			
	Identify Top 5 High Risks (Proactive Measure)	5 0%		5 0%		5 0%			
	Good Catch Program (Proactive Measure)	5 0%		5 0%		5 0%			
	Site Inspection Program (Proactive Measure)	5 0%		5 0%		5 0%			
	Proactive Safety Goals (Industrial and Radiological Safety Alignments, Outage S.		7 5%						
Other	AEP OnSite Partners and AEP Renewables Start-ups							2 0%	2 0%
	Power Up & Lead					3 0%		1 0%	1 0%
	Gallup Pulse Survey							1 0%	1 0%
	Diversity							1 0%	1 0%
	Environmental and NERC Compliance Index			10 0%					
	Lean Management Sustainability							1 0%	1 0%
	Lean Leader Training and VSA Objectives		5 0%						
	Employee Culture/Experience Work Plan	5 0%	5 0%			4 0%			
	% of Replacement Candidates with Development Plans					3 0%			
	Competitive Business Assessment for Non-PPA Plants							2 0%	2 0%
	Transmission Business Expansion					10 0%		2 0%	2 0%
	Transco & OpCo Plant in Service					15 0%			
	Strategic Initiatives (Cultural Transformation)			15 0%					
	Fuel Cost Recovery (as defined)			5 0%					
	Economic Development OpCo Net Revenue	2 0%							
	Economic Development OpCo Work Plan	2 0%							
	Economic Development AEP System Net Revenue	1 0%							
	OpCo Score Roll-Up (Development, Customer & Employee Experience)		62 5%						
Total Weight		100.0%	100.0%	100.0%	100.0%	100.0%	Not Applicable	100.0%	100.0%
Modifier	Average Operating Performance Score (AOPS)	The overall score for these groups is normalized by dividing it by the average overall score							
	Company-Wide Funding Score	The normalized score for these groups is multiplied by the funding score so that the sum of the overall award pool for all groups equals the actual overall funding							

¹ AEPSC staff receive the Average Operating Performance Score (AOPS), which is the target weighted average score for all operating group plans. The target weighted average weight has been calculated and provided for company earnings measures, other than the funding measures.

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-22:

Please refer to the Direct Testimony of Mr. Andrew Carlin, pages 30-31. Please admit or deny that there were SWEPCO employees who received no STI compensation, or who received less STI compensation than their respective target percentage. If admit, please provide the total number of SWEPCO employees who received no STI compensation and the number who received less than their respective target percentage for STI incentive.

Response No. OPUC 1-22:

There was only three (3) SWEPCO employees (out of 1,497) who were eligible for STI compensation and did not receive any STI compensation during the test year. One was excluded due to the small size of the potential award as a result of this employee's transfer to another AEP operating company. One was excluded because the employee did not actively work during the plan year (2109) due to a disability that began before the plan year and resulted in the individual qualifying for long-term disability benefits in March of the plan year. The third employee did not receive an STI award due to performance. All other SWEPCO employees who were eligible for an STI award for the 2019 plan year (paid in March 2020) received an STI award. Employees who are terminated for cause before the award payment date (March 6, 2020) were ineligible for an STI award.

Because the SWEPCO score was substantially above target, there was also only one (out of 1,497 SWEPCO employees) who received less than target STI compensation for their position during the test year (see column R in the SWEPCO tab of OPUC 1-19 CONFIDENTIAL Attachment 1). This individual retired from the company in April of 2019, shortly after becoming eligible for a STI award for the 2019 plan year. Under AEP's STI program, managers have discretion to allocate awards to employees under their purview, except those in physical and craft positions, based on individual employee performance and other appropriate business factors, provided that managers do not exceed their award pool, which is the sum of the calculated awards for all employees under the purview. As a result, the STI compensation saved by any below target allocations can, and almost entirely is, reallocated to other employees, leaving very little, if any, available STI compensation unallocated.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-23:

Please refer to the Direct Testimony of Mr. Andrew Carlin, pages 30-31. Please admit or deny that there were AEPSC employees who received no STI compensation, or who received less STI compensation than their respective target percentage. If admit, please provide the total number of AEPSC employees who received no STI compensation and the number who received less than their respective target percentage for STI incentive.

Response No. OPUC 1-23:

There were 45 AEPSC employees (out of > 6,500) who were eligible for STI compensation during the test year but did not receive any STI compensation. Generally this was due to performance issues and employees who were very new to their position. Employees who are terminated for cause before the award payment date (March 6, 2020) were ineligible for an STI award.

Because the 2019 plan year STI scores were well above target, there were relative few (76 out of 6,476) AEPSC employees who received less than target STI compensation for their position during the test year (see column R in the AEPSC tab of OPUC 1-19 CONFIDENTIAL Attachment 1). As previously discussed, managers have discretion to allocate awards to employees under their purview, except those in physical and craft positions, based on individual employee performance and other appropriate business factors, provided that managers do not exceed their award pool, which is the sum of the calculated awards for all employees under the purview. As a result, the STI compensation saved by any below target allocations can, and almost entirely is, reallocated to other employees, leaving very little, if any, available STI compensation unallocated.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-24:

Please refer to Schedule G-7.4, sponsored by Mr. David A. Hodgson. Please identify the specific line items that relate to the unprotected excess accumulated deferred federal income tax ("ADIT"). Also, please identify the specific line items that relate to the protected excess deferred federal income tax. To the extent that there are other ADIT amounts that are included in the monthly balances in these line items, please provide the monthly amounts that are not related to either protected or unprotected excess deferred federal income taxes to be refunded to customers.

Response No. OPUC 1-24:

As protected excess relates to book vs tax depreciation related to differences only in the method and life of depreciation, the protected excess is in the property accounts 281 and 282 (lines 71-76 on the schedule). Unprotected excess relates to any cumulative timing difference at the time of enactment of TCJA and are reflected in accounts 190 (total on Line 70) and 283 (total on Line 127) as well as book vs tax depreciation differences in 282 that does not relate to method/life.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-25:

Please refer to Schedule G-7.4, sponsored by Mr. David A. Hodgson. Please admit or deny that there have been excess deferred federal income tax amounts amortized to owner equity since January 2018. If admit, please provide the total amounts that have been amortized to owner equity accounts up to the most recent amortization.

Response No. OPUC 1-25:

Protected excess amortization is calculated using the average rate assumption method (ARAM). The amortization of protected excess under the ARAM begins after the effective date of a tax rate change and at the time book depreciation exceeds tax depreciation on any given vintage of asset additions. For SWEPCO, this amortization began in January 2018.

The Company received orders from its various regulatory jurisdictions on the manner in which to provide the benefits of the amortization of protected excess to its customers for the period beginning January 1, 2018 until the receipt of the orders. The Company was ordered by the PUCT to record a provision for refund for the amortization of excess allocated to Texas customers until such time that this amortization is included in rates. This is discussed in the testimony of Company witness Mr. Thomas Brice. As such, the Company has not recognized a net benefit to owner equity accounts related to the Texas jurisdictional portion of protected excess.

The amortization of unprotected excess is dictated by an order from a regulatory body. The Company's regulators have provided for various periods and methods for which to amortize their customer's share of the unprotected excess balance. The Company has not received an order from the PUCT regarding the amortization of unprotected excess. The Company has proposed in this case to use the Texas jurisdictional share of this balance to offset the unrecovered cost of the Dolet Hills Power Station as described in the testimony of Company witness Mr. Thomas Brice.

Schedule G-7.4 provides the total company ADIT balances for rate base at 03/31/2020. These amounts reflect the remaining unamortized balance of excess ADFIT at a total company level. The unamortized balance of protected excess to return to Texas ratepayers is discussed in the testimony of Mr. David Hodgson.

The Company has amortized \$63,978,331 to the income tax line of the income statement for the period starting January 2018 through September 2020 related to all jurisdictions related to both

protected and unprotected excess. Due to provisions for refunds as discussed above, this amount does not reflect the overall impact to the owner equity accounts of the company.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION

Question No. OPUC 1-26:

Please refer to Schedule G-7.4, sponsored by Mr. David A. Hodgson. Please admit or deny that there is an ADIT amount included in this proceeding related to the Supplemental Executive Retirement Plan. If admit, please provide the amount of ADIT included that is associated with this benefit.

Response No. OPUC 1-26:

Schedule G-7.4 includes a debit balance in account 190 of \$108,138 related to the Supplemental Executive Retirement Plan as seen on Line No. 10 of the schedule.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr